

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 NSCE-00

SSO-00 USIE-00 INRE-00 AID-05 EB-07 CIEP-01 TRSE-00

STR-04 OMB-01 CEA-01 COME-00 FRB-03 XMB-02 OPIC-03

LAB-04 SIL-01 SAJ-01 /086 W
----- 083010

O P 181348Z SEP 76

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC IMMEDIATE 0485

INFO AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY MOSCOW PRIORITY

AMEMBASSY OSLO PRIORITY

AMEMBASSY REYKJAVIK PRIORITY

AMEMBASSY STOCKHOLM PRIORITY

C O N F I D E N T I A L HELSINKI 1954

E.O. 11652: GDS

TAGS: PINT, FI

SUBJECT: THE TRAVAILS OF THE MIETTUNEN GOVERNMENT; THE
UNCOMFORTABLE COALITION

REF: HELSINKI 1953

1. SUMMARY: THIS MESSAGE REVIEWS THE RECORD OF THE
GOVERNMENT OF PRIME MINISTER MARTTI MIETTUNEN FROM ITS
KEKKONEN-MIDWIFED BIRTH TO ITS UNEXPECTED (AT THIS TIME)
DEMISE. THE ISSUES WHICH ULTIMATELY CAUSED ITS DOWN-
FALL ARE THE SAME ONES WITH WHICH IT ESSENTIALLY WAS
UNABLE TO COME TO GRIPS WITH DURING ITS BRIEF AND
INEFFECTUAL PERIOD IN OFFICE. END SUMMARY.

2. IN A SENSE THE MIETTUNEN GOVERNMENT HAS BEEN FALLING
ALMOST SINCE BEFORE IT WAS FORMED LAST NOVEMBER 30. ON
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OCTOBER 29, PRESIDENT KEKKONEN HAS ASKED MIETTUNEN TO

FORM A MAJORITY GOVERNMENT WHICH WOULD INCLUDE THE PARTICIPATION OF THE COMMUNISTS, THE SOCIAL DEMOCRATS AND THREE CENTRIST PARTIES, THE CENTER PARTY, THE SWEDISH PEOPLES PARTY AND THE LIBERAL PEOPLES PARTY. BOTH THE COMMUNISTS AND THE SOCIAL DEMOCRATS HAD BEEN CALLING FOR SUCH A "POPULAR FRONT" COMBINATION TO MEET THE NATIONAL ECONOMIC EMERGENCY OF INFLATION AND RISING UNEMPLOYMENT. HOWEVER, MIETTUNEN WAS UNABLE TO DEVELOP A GOVERNMENT ECONOMIC PROGRAM THAT THE FIVE PROSPECTIVE GOVERNMENT PARTIES COULD AGREE UPON. CONSEQUENTLY, HE ADVISED PRESIDENT KEKKONEN ON NOVEMBER 20 THAT HIS EFFORTS TO FORM A GOV'T HAD BEEN UNSUCCESSFUL.

3. PRESIDENT KEKKONEN, AFTER FIRST ANNOUNCING THAT HE HAD ASKED THE NON-POLITICAL LIINAMAA GOV'T TO CONTINUE, SUDDENLY SWITCHED GEARS IN ONE OF HIS FAMOUS SURPRISE MOVES. ON NOVEMBER 27, HE CALLED TO THE PRESIDENTIAL PALACE THE LEADERS OF THE FIVE PARTIES THAT HAD PARTICIPATED IN THE MIETTUNEN ROUND OF GOV'T NEGOTIATIONS AND IN EFFECT ORDERED THEM TO FORM A GOV'T BY DECEMBER 1. HE TOLD THEM HE WANTED NO MORE DISPUTES ABOUT A GOV'T PROGRAM, WHICH HE SAID SHOULD CONSIST OF ONLY TWO WORDS: "ASSURE EMPLOYMENT". THREE DAYS LATER ON NOVEMBER 30, MIETTUNEN ANNOUNCED THE FORMATION OF HIS GOV'T. OMINOUSLY, DIFFICULT ISSUES OF THE GOV'T PROGRAM WERE LEFT OPEN, AND BOTH THE COMMUNISTS AND SOCIAL DEMOCRATS CONDITIONED THEIR CONTINUED PARTICIPATION IN THE GOV'T TO AGREEMENT BEING REACHED ON THESE POINTS BY THE END OF JANUARY.

4. THE FIRST CRISIS OF THE MIETTUNEN GOV'T CAME ONLY THREE WEEKS AFTER ITS FORMATION, WHEN THE COMMUNISTS ALMOST LEFT THE GOV'T OVER DISAGREEMENT CONCERNING A MINOR REVENUE MATTER. THE JANUARY DEADLINE FOR RESOLVING PROGRAM DIFFERENCES WAS NOT MET AND NEGOTIATIONS DRAGGED ON UNTIL EARLY MARCH. AN AGREED PROGRAM WAS ANNOUNCED MARCH 4, BUT IT IN EFFECT POSTPONED SPECIFIC REVENUE AND EXPENDITURE QUESTIONS FOR FURTHER STUDY, THUS SIDESTEPPING DIVISIVE ISSUES. ON APRIL 1,

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THE GOV'T DEFINED ITS ECONOMIC PROGRAM WITH MORE PRECISION. THE COMMUNIST MINISTERS DISSENTED WITHOUT, HOWEVER, REGARDING THEIR DISAGREEMENT AS REQUIRING THEIR RESIGNATION.

5. IN MAY THE GOV'T REACHED A CRISIS STAGE WHEN IT HAD TO RESOLVE THE QUESTION OF BUDGET FINANCING BOTH FOR A SPECIAL "EMPLOYMENT" BUDGET FOR 1976 AND FOR THE 1977

REGULAR BUDGET; BASICALLY AT ISSUE WAS THE GOV'T PROPOSAL TO INCREASE THE NATIONAL SALES TAX BY 2 PERCENT, FROM 11 TO 13 PERCENT. THE THREE CENTRIST PARTIES AND THE SDP INSISTED THAT THE SALES TAX INCREASE, HOWEVER UNPALATABLE, WAS NECESSARY AND DEMANDED THAT THE DECISION OF THE GOV'T COALITION PARTIES BE UNANIMOUS. THE COMMUNISTS EXPRESSED THEIR ADAMANT OPPOSITION. ON MAY 12, MIETTUNEN DECIDED THAT THE COALITION GOV'T COULD NOT REACH AGREEMENT AND SUBMITTED HIS GOV'T'S RESIGNATION THE FOLLOWING DAY. PRESIDENT KEKKONEN AGAIN SPRANG A SURPRISE WHEN HE ASKED THE LEADERSHIP OF THE COALITION PARTIES TO ACCEPT THE COMMUNISTS' REMAINING IN GOV'T EVEN WHILE AT THE SAME TIME ALLOWING THEM TO VOTE AGAINST THE SALES TAX INCREASE. DESPITE WIDE DISSATISFACTION AT THUS GIVING THE COMMUNISTS THE UNPRECEDENTED PRIVILEGE OF BOTH BEING IN GOV'T AND OPPOSING A KEY GOV'T PROGRAM, THE OTHER COALITION PARTIES RELUCTANTLY WENT ALONG WITH THE PRESIDENT, AND MIETTUNEN WITHDREW HIS GOV'T'S RESIGNATION. IN JUNE THE MIETTUNEN GOV'T REACHED A COMPROMISE AGREEMENT ON FINANCING THE SPECIAL AGREEMENT ON FINANCING THE SPECIAL 1976 "EMPLOYMENT" BUDGET AND AGREEMENT IN PRINCIPLE CONCERNING 1977 BUDGET FINANCING.

5. THE LONG SUMMER HIATUS IN GOV'T AND POLITICAL ACTIVITY ENSUED, AND IT WAS NOT UNTIL THE WEEK OF SEPTEMBER 6 THAT THE GOV'T MINISTERS BEGAN CONSIDERATION OF THE 1977 DRAFT BUDGET FOR PRESENTATION TO THE PARLIAMENT WHICH RECONVENES SEPT 21. IN THE GOV'T CABINET SESSIONS, WHICH WERE LATER EXPANDED TO INCLUDE TOP PARTY LEADERSHIP FROM THE COALITION PARTNERS, THE JUNE AGREEMENT IN PRINCIPLE ON THE CONFIDENTIAL

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1977 BUDGET CAME APART UNDER THE PRESSURE OF HAVING TO REACH CONCRETE AGREEMENT ON CONCRETE ISSUES.

7. THE SPECIFIC DIFFERENCES ON THE BUDGET WITHIN THE GOV'T COALITION WHICH LED TO ITS RESIGNATION ARE DESCRIBED IN REFTEL. HOWEVER, IT IS CLEAR FROM AN EXAMINATION OF THE GOV'T'S PERFORMANCE THAT FROM ITS VERY INCEPTION THE MIETTUNEN GOV'T SUFFERED FROM THE SAME BASIC DIFFERENCES IN ECONOMIC AND BUDGET POLICY THAT ULTIMATELY CAUSED ITS DOWNFALL. THROUGHOUT ITS TERM THE GOV'T HAS SURVIVED ONLY BY POSTPONING DECISIONS ON KEY ISSUES OR, AS IN THE CASE OF THE SALES TAX IN MAY, BY PAPERING OVER THE DIFFERENCES WITHIN THE COALITION. IRONICALLY, THE GOV'T HAVING SURVIVED BY SUCH TACTICS THIS LONG, MOST OBSERVERS FROM

ONCE WERE PREDICTING THAT IT WOULD STRUGGLE ALONG
THROUGH THE OPENING OF PARLIAMENT AND THROUGH THE
OCT 17-18 MUNICIPAL ELECTIONS, USING THE SAME METHODS.
THEREFORE, THE FALL OF THE GOV'T AT THIS TIME CAME AS SOME
SURPRISE. THE INEFFECTIVE MIETTUNEN GOV'T HARDLY HAS
SERVED TO ALLEVIATE GROWING LACK OF CONFIDENCE IN AND
RESPECT FOR PARLIAMENTARY GOV'T IN FINLAND; WHETHER
A SUCCESSOR CAN BE FOUND THAT CAN DO BETTER REMAINS A
PROBLEMATICAL PROPOSITION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, GOVERNMENT REFORM, PERSONNEL RESIGNATIONS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 18 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976HELSIN01954
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760353-0744
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760946/aaaabmwn.tel
Line Count: 179
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 HELSINKI 1953
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2004 by ElyME>; APPROVED <09 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: THE TRAVAILS OF THE MIETTUNEN GOVERNMENT; THE UNCOMFORTABLE COALITION
TAGS: PINT, FI, (MIETTUNEN, MARTTI)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006